IN THE SPECIFICATION

Please amend the specification as follows:

Replace the paragraph on page 10, between lines 19-31 of the specification with the following:

Fig. 3 shows a schematic view of an arrangement for decoding a multichannel signal according to the first embodiment of the invention. The arrangement receives a coded multichannel signal T, for example originating from an encoder according to the embodiment described in connection of fig. 2. The arrangement comprises a circuit 301 for extracting the encoded signal $S_{1,e}$ and the encoded filter parameters F_{pe} from the combined signal T, i.e. the circuit 301 performs an inverse operation of the combiner 204 of fig. 2. The filter parameters are decoded by a decoder 303 corresponding to the encoding of the filter parameters by the encoder 205 of fig. 2. The extracted signal $S_{1,e}$ is fed into a decoder 302 for performing audio decoding corresponding to the encoding performed by the encoder 202 of fig. 2, resulting in the decoded first signal component signal S_1'. The signal S_1' is fed into a filter ~~303~~ 304

together with the decoded filter parameters F_p. The filter 304 generates a corresponding estimated second signal component $\hat{S}_2'$. Hence, the decoder of fig. 2 generates an output corresponding to the received first signal component S_1' and the estimated second signal component $\hat{S}_2'$.

Replace the paragraph spanning pages 13-14, between page 13, line 22, and page 14, line 8 of the specification with the following:

Accordingly, still referring to fig. 4, the arrangement further comprises an adaptive filter 201 receiving the principal signal y as an input and generating a filtered signal . The filter parameters F_p of the adaptive filter are selected such that the filtered signal approximates the residual signal r, e.g. by controlling the adaptive filter 201 by the error signal e indicating the difference between and $\hat{r}$ as generated by a subtraction circuit ~~203~~ 402. The resulting filter parameters F_p are fed into an encoder 205, e.g. an encoder providing a Huffman encoding or any other suitable coding scheme, resulting in encoded filter parameters F_{pe}. The encoded filter parameters F_{pe} are fed

into a combiner circuit 204. The filter 201 may be any suitable filter known in the art. Example of such filters include a finite impulse response (FIR) filter or a infinite impulse response (IIR) filter, adaptive or fixed, with the cut-off frequencies and magnitudes being fixed or tracked recursively, or the like. The filter may be of any order, preferably smaller than 10. The type of the filter can be Butterworth, Chebychev, or any other suitable type of filter. The arrangement further comprises an encoder 202 for encoding the principal signal as described in connection with fig. 2, resulting in the encoded principal signal y_e which is fed into the combiner circuit 204 together with the filter parameters F_p and the angle information α. As described in connection with fig. 2, the combiner circuit 204 performs framing, bit-rate allocation, and lossless coding, resulting in a combined signal T to be communicated which includes the encoded principal signal y_e, the filter parameters F_p and the angle information α. In one embodiment, the angle α or, alternatively, w_L and/or w_R may be communicated as part of a header transmitted prior to a signal frame, a signal block, or the like.